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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
June 1966 SEP 29 1966

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Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

EMERGENCY MILK PRICE ACTIONS

Two actions of the United States Department of Agriculture to strengthen the price of milk were announced on June 29. The support level for manufacturing milk was raised to \$4.00 per hundredweight, an increase of 50 cents, and the minimum Basic Formula Price for calculating the Class I milk price under Federal Orders was set at \$4.00. The higher support price for manufacturing milk was effective from June 30, 1966 through March 1967 and is accomplished by increasing the prices at which the government will buy butter, cheddar cheese, and nonfat dry milk. These prices were increased 5.5 cents per pound for butter, 4.45 cents for cheese and 3 cents for powder. The orders were amended to set the \$4.00 minimum Basic Formula Price following regional public hearings held at Denver, St. Louis, Cleveland, and Washington and are effective from July 5, 1966 through March 1967. (Note Class I price computations page 2). Secretary Freeman said, "I am taking these steps to insure consumers adequate supplies of milk and dairy products in the months ahead, and to provide dairy farmers with an opportunity to share more equally in the general prosperity most Americans enjoy today."

MARKET SUMMARY - JUNE 1966

The Order MINIMUM uniform producer prices per cwt. f.o.b. pool plants for milk testing 3.5% are: Base Milk \$5.01, Excess Milk \$3.08. The butterfat differential is 8.0 cents for each one-tenth of one percent above or below 3.5%.

During June 76.4% of the total producer milk was priced in Class I at \$5.45 per cwt. with a butterfat differential of 8.3 cents and 23.6% priced in Class II at \$3.12 per cwt. with a butterfat differential of 7.6 cents. The daily average use of Gross Class I decreased 1.2% compared with May 1966 and increased 9.8% compared with June 1965.

The daily average producer deliveries was 624,721 pounds in June 1966, a decrease of 44,538 pounds per day compared with May 1966 and an increase of 19,814 pounds compared with June 1965. Percentage-wise, June deliveries decreased 6.7% compared with May 1966 and increased 3.3% compared with June 1965. Base milk was 92.7% and excess milk was 7.3% of producer deliveries. All excess and 17.6% of base milk was priced in Class II at \$3.12 per cwt. and 82.4% of base milk was priced in Class I at \$5.45 per cwt.

PRODUCER RECEIPTS COMPARED WITH GROSS CLASS UTILIZATION

January thru June

1966	Producer Milk	116,775,934 lbs.	up 5.8% from 1965
1965	Producer Milk	110,419,994 lbs.	
1966	Gross Class I	94,168,446 lbs.	up 7.4% from 1965
1965	Gross Class I	87,699,385 lbs.	
1966	Gross Class II	29,095,000 lbs.	down 7.8% from 1965
1965	Gross Class II	31,569,655 lbs.	

0 20 40 60 80 100 120
(Million Pounds)

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	% June '66 Over June '65	June 1966	May 1966	June 1965
Number of Plants (Pool and Non-Pool)		11	11	12
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk - Base	+ 7.0	579,064	606,628	541,251
- Excess	- 28.3	45,657	62,631	63,656
- Total	+ 3.3	624,721	669,259	604,907
Other Source	+ 24.5	30,437	17,211	24,454
Other Federal Orders	- 75.3	9,301	23,350	37,616
Total Milk Receipts	- 0.4	664,459	709,820	666,977
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>				
Class I Uses:				
Fluid Milk	- 2.8	355,660	398,931	365,780
Fluid Skim	+ 25.3	26,355	26,516	21,041
Buttermilk	- 2.0	41,819	42,892	42,690
Flavored Milk and Drink	+ 12.5	14,330	13,945	12,743
Fluid Cream (Sweet and Sour)	+ 9.3	2,933	3,563	2,684
Other (Shrinkage, Inventory, etc.)		7,506	5,424	3,153
Transfers to Non-Pool Plants		43,652	6,996	313
Total Class I Milk	+ 9.8	492,255	498,267	448,404
Class II Uses:				
Ice Cream Mixes		53,627	43,119	53,852
Cottage Cheese		34,439	32,757	20,496
Powdered and Condensed Milk		38,855	61,564	78,512
Livestock Feed and Skim Dumped		6,405	5,918	6,493
Shrinkage Class II		10,677	11,033	10,508
Other (Butter, Inventory, etc.)		(1,424)	4,922	3,118
Transfers to Non-Pool Plants		29,625	52,240	45,594
Total Class II Milk	- 21.2	172,204	211,553	218,573
Class I Pounds in Marketing Area	+ 7.3	291,619	297,301	271,716
Class I Pounds Outside Marketing Area	+ 13.6	200,636	200,966	176,688
% Producer Milk of Gross Class I		126.9	134.3	134.9
% Producer Milk priced in Class I		76.4	73.5	72.1

JULY 1966 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

Per \$ 1090.51(a)	July 1-4 '66	July 5-31 '66	June '66	July '65
Basic Formula	\$3.82	\$4.00	\$3.65	\$3.20
Plus Class I Differential	1.75	1.75	1.75	1.75
Supply-Demand Adjustment	0.04	0.04	0.02	0.00
Class I Price, 3.5% Butterfat	\$5.61 ^{2/}	\$5.79 ^{2/}	\$5.45 ^{1/}	\$4.95
Supply-Demand Comparison: 1st and 2nd preceding months: May and June				
Supply: Lbs. Producer Milk (May 20,747,044 and June 18,741,633)				39,488,677
Demand: Lbs. Net Class I Milk (May 15,326,214 and June 14,477,336)				29,803,550
Utilization Percentage: Producer milk divided by Class I				132
Standard Utilization Percentage: Range 134-138				134
Net Deviation Percentage: Utilization minus Standard Utilization			Minus	2
Supply-Demand Adjustment: 2 cents x 2 percentage points			Plus	\$0.04

Since the supply in relation to the demand is less than the desired standard, the price is increased 4 cents per hundredweight (2 cents x 2 percentage points).

^{1/} Order provides that June price shall not be less than April (\$5.45).

^{2/} July 1966 Weighted Average Price - \$5.767.

COMPUTATION OF PRODUCER UNIFORM BASE AND EXCESS PRICES
AND WEIGHTED AVERAGE PRICE

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JUNE 1966	Class %	Milk Pounds	Butterfat Test - %	Cwt.Price @ Test	Gross Value
Gross Class I		14,767,651	3.512		
Less Other Source		453,212	2.712		
Producer Milk Class I	76.4	14,314,439	3.537149	\$5.480834	\$784,550.64
Gross Class II		5,166,111	4.459		
Less Other Source		738,917	0.776		
Producer Milk Class II	23.6	4,427,194	5.073620	4.315951	191,075.52
TOTAL PRODUCER MILK (Cl.I + Cl.II)	100.0	18,741,633	3.900098		\$975,626.16
Less Fractional Adjustment					.06
Add Value of Inventory Reclassified					125.94
Add Value of Other Source Receipts					
Allocated to Class I and Location Adj.		82,042			3,308.89
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					5,247.33
TOTAL VALUE AT TEST		18,823,675	3.890914	\$5.229097	\$984,308.26
Less Test over 3.5% @ 8.0¢ per point		18,823,675	.390914	.312731	58,867.47
TOTAL UTILIZATION VALUE AT 3.5%		18,823,675	3.5	\$4.916366	\$925,440.79
Less Reserve Per \$1090.71(f)		18,823,675		.046366	
WEIGHTED AVERAGE PRICE - 3.5% TEST		18,823,675	3.5	\$4.87	
Less FMP from Unregulated Supply Plants					
Allocated to Class I @ Wt. Av. Price		82,042	3.5	\$4.87	3,995.45
TOTAL PRODUCER MILK VALUE @ 3.5% TEST		18,741,633	3.5		\$921,445.34
		Pounds	Price	Amount	
Excess Producer Milk Used in Class I		-	-	-	
Excess Producer Milk Used in Class II		1,369,716	\$3.12	\$42,735.14	
Total Value of Excess Milk		1,369,716	3.12	42,735.14	
Less Prod.-Settlement Fund Reserve @ 4¢		1,369,716	.04		547.89
UNIFORM EXCESS PRICE - 3.5% TEST		1,369,716	\$3.08		\$ 42,187.25
Total Value of Base Milk		17,371,917	5.058222		878,710.20
Less Producer-Settlement Fund Reserve		17,371,917	.048222		8,377.09
UNIFORM BASE PRICE - 3.5% TEST		17,371,917	\$5.01		\$870,333.11

JUNE 1966 MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANT
BUTTERFAT DIFFERENTIAL 8.0¢ PER POINT (EXCLUDES PREMIUMS)

TEST %	PRICES		TEST %	PRICES		TEST %	PRICES	
	BASE	EXCESS		BASE	EXCESS		BASE	EXCESS
3.0	\$4.61	\$2.68	4.0	\$5.41	\$3.48	5.0	\$6.21	\$4.28
3.05	4.65	2.72	4.05	5.45	3.52	5.05	6.25	4.32
3.1	4.69	2.76	4.1	5.49	3.56	5.1	6.29	4.36
3.15	4.73	2.80	4.15	5.53	3.60	5.15	6.33	4.40
3.2	4.77	2.84	4.2	5.57	3.64	5.2	6.37	4.44
3.25	4.81	2.88	4.25	5.61	3.68	5.25	6.41	4.48
3.3	4.85	2.92	4.3	5.65	3.72	5.3	6.45	4.52
3.35	4.89	2.96	4.35	5.69	3.76	5.35	6.49	4.56
3.4	4.93	3.00	4.4	5.73	3.80	5.4	6.53	4.60
3.45	4.97	3.04	4.45	5.77	3.84	5.45	6.57	4.64
3.5	5.01	3.08	4.5	5.81	3.88	5.5	6.61	4.68
3.55	5.05	3.12	4.55	5.85	3.92	5.55	6.65	4.72
3.6	5.09	3.16	4.6	5.89	3.96	5.6	6.69	4.76
3.65	5.13	3.20	4.65	5.93	4.00	5.65	6.73	4.80
3.7	5.17	3.24	4.7	5.97	4.04	5.7	6.77	4.84
3.75	5.21	3.28	4.75	6.01	4.08	5.75	6.81	4.88
3.8	5.25	3.32	4.8	6.05	4.12	5.8	6.85	4.92
3.85	5.29	3.36	4.85	6.09	4.16	5.85	6.89	4.96
3.9	5.33	3.40	4.9	6.13	4.20	5.9	6.93	5.00
3.95	5.37	3.44	4.95	6.17	4.24	5.95	6.97	5.04

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
June '65	\$4.34 ^{2/}	\$4.54	\$2.62	7.4¢	\$5.01	7.7¢	\$2.66	6.8¢
July	4.40 ^{2/}	4.62	2.62	7.4	4.95	7.7	2.66	6.8
Aug.	4.39	-	-	7.4	4.96	7.7	2.65	7.0
Sept.	4.58	-	-	7.8	4.82	7.9	3.30	7.2
Oct.	4.63	-	-	7.8	4.88	8.1	3.33	7.2
Nov.	4.85	-	-	8.0	5.09	8.2	3.35	7.3
Dec.	4.73	-	-	8.0	5.14	8.2	3.36	7.3
Jan. '66	4.82	-	-	7.8	5.22	8.2	3.22	6.8
Feb.	4.87	-	-	7.6	5.18	7.7	3.01	7.1
Mar.	4.89 ^{2/}	5.00	3.04	7.8	5.33	8.0	3.08	7.3
Apr.	4.85 ^{2/}	5.06	3.00	7.8	5.45	8.2	3.04	7.2
May	4.79 ^{2/}	4.97	3.02	8.0	5.45	8.2	3.06	7.3
June	4.87 ^{2/}	5.01	3.08	8.0	5.45	8.3	3.12	7.6
July	-	-	-	-	5.767 ^{4/}	8.6	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS				Basic Formula \$-cwt-3.5%
	4 Tenn.	Butter	4 Tenn.	Chi.92°	Chi.Area	Minn/Wisc.	
	Milk Mfg.	Powder	Milk Mfg.	Butter	Powder	Mfg. Milk	
			\$-cwt-4%	¢ Lb.	¢ Lb.	\$-cwt-3.5%	
June'65	2.66	3.17	3.000	58.97	14.21	3.20	3.20
July	2.66	3.17	3.000	59.00	14.24	3.21	3.21
Aug.	2.65	3.25	3.000	61.03	14.31	3.25	3.25
Sept.	2.72	3.30	3.081	62.22	14.21	3.29	3.29
Oct.	2.75	3.33	3.106	62.89	14.31	3.34	3.34
Nov.	2.83	3.35	3.194	63.27	14.42	3.39	3.39
Dec.	2.90	3.36	3.269	63.45	14.31	3.47	3.47
Jan.'66	3.01	3.22	3.350	59.33	14.54	3.47	3.47
Feb.	3.01	3.32	3.363	61.80	14.59	3.58	3.58
Mar.	3.08	3.39	3.450	63.40	14.81	3.68	3.68
Apr.	3.04	3.48	3.400	62.80	16.02	3.64	3.64
May	3.06	3.55	3.425	63.54	16.70	3.65	3.65
June	3.12	3.65	3.500	65.99	16.81	3.82	4.00 5/

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA 3/				Deliveries Per			Prod. Milk Test
	No.	Total	Class I	Class I	Total	Base	No.	Farm----Pounds			
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	
June '65	12	666,977	448,404	435,985	604,907	541,251	665	910	814	96	3.91
July	11	645,694	472,016	459,130	595,853	531,033	663	899	801	98	3.89
Aug.	11	656,906	474,674	463,031	611,907	-	661	926	-	-	3.87
Sept.	11	693,671	572,696	560,352	655,522	-	661	992	-	-	3.93
Oct.	11	673,905	561,613	553,950	646,998	-	660	980	-	-	4.14
Nov.	11	661,931	567,822	562,847	637,400	-	667	956	-	-	4.20
Dec.	11	660,110	507,814	502,279	635,256	-	666	954	-	-	4.23
Jan. '66	11	662,874	531,241	526,225	634,748	-	664	956	-	-	4.20
Feb.	11	648,797	546,032	534,700	616,699	-	663	930	-	-	4.22
Mar.	11	671,086	526,847	517,608	637,348	600,154	660	966	909	57	4.06
Apr.	11	726,873	528,830	522,390	686,157	617,814	653	1,051	946	105	3.93
May	11	709,820	498,267	492,037	669,259	606,628	646	1,036	939	97	3.95
June	11	664,459	492,255	477,148	624,721	579,064	642	973	902	71	3.90

^{1/} Excludes Premiums^{2/} Weighted Average Price^{3/} Other Source is Gross minus Producer; Class II is receipts minus Class I^{4/} Weighted Average - July 1-4 Price \$5.61 and July 5-31 price \$5.79^{5/} July 1-4, Basic Formula was Minn./Wisc. price \$3.82